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RUEHAK/AMEMBASSY ANKARA PRIORITY 3260  
RUEHBJ/AMEMBASSY BEIJING PRIORITY 1075  
RUEHGP/AMEMBASSY SINGAPORE PRIORITY 0017  
RUEHKO/AMEMBASSY TOKYO PRIORITY 0946  
RUEHIT/AMCONSUL ISTANBUL PRIORITY 1523  
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RHEBAAA/DEPT OF ENERGY WASHDC PRIORITY  
RUEATRS/DEPT OF TREASURY WASHDC PRIORITY  
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C O N F I D E N T I A L SECTION 01 OF 02 ASHGABAT 000089

SIPDIS

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STATE FOR SCA/CEN, EEB (AMB. MANN)  
PLEASE PASS TO USTDA DAN STEIN  
ENERGY FOR EKIMOFF/THOMPSON  
COMMERCE FOR HEUPER

E.O. 12958: DECL: 01/17/2018  
TAGS: [PGOV](#) [EPET](#) [EINV](#) [ENRG](#) [TX](#)  
SUBJECT: TURKMENISTAN: NEW ENERGY-SECTOR PROJECTS

REF: A. 07 ASHGABAT 0922

[1](#)B. 07 ASHGABAT 0853

Classified By: CHARGE RICHARD E. HOAGLAND FOR REASONS 1.4 (B), (D)

[1](#)1. (C) During his January 17 farewell call on the Charge before he moves to Abu Dhabi, Chalik Holding executive Aziz Chengel (please protect) discussed several of Turkmenistan's new projects in the energy sector.

UAE COURTS, BUT ITERA SCORES

[1](#)2. (C) Turkmenistan intends to build two new urea-ammonium plants. Itera already has the contract to build one near Turkmenbashi, and the government has put out the tender for the other one planned for Tejen, an impoverished town half way between Ashgabat and Mary. The Itera project will be build-operate-turn which will allow it to recoup its investment and make a profit during the operate phase, after which it will revert in full to Turkmenistan.

[1](#)3. (C) Following President Berdimuhamedov's successful visit to the United Arab Emirates last Fall, the UAE reportedly offered to "donate" one of the urea-ammonium plants, valued at \$1 billion, "in return for future cooperation," to which Turkmenistan said, "Thanks, but no thanks." The UAE then offered Ashgabat a soft loan and a 30% share in the plant. Turkmenistan again refused, in part because it reportedly wants total ownership of the proprietary state-of-the-art technology that Uhde of Germany, primarily, but also Agrolinks of Austria, would provide. According to Chengel, Deputy Prime Minister for Oil and Gas Tachberdi Tagiyev dug in his heels and said Turkmenistan had to have full ownership of the technology and production.

14. (C) When asked why the UAE would "donate a billion-dollar plant in return for future cooperation," Chengel explained it would have been financed by the UAE's International Petroleum Investment Corporation that is close to the Abu Dhabi National Oil Corporation. The "future cooperation" would have been for Shell, a close UAE partner that is eager to get back into the running to develop Turkmenistan's hydrocarbon resources. However, Shell is reportedly still in very bad odor in Ashgabat because it was closely tied to the 1990s efforts that went awry for a Trans-Caspian Pipeline.

15. (SBU) Chengel noted UAE's Sheikh Khalifa is expected in Ashgabat the first week of February to open the UAE's new embassy and then go hunting for a week in southeastern Turkmenistan.

#### SEANA/LOTUS ENERGY RESURFACES

16. (C) Seana/Lotus Energy of Turkey, founded last year by two Chalik Energy executives who left the company in bad blood (reportedly taking along a good deal of proprietary information), made a splash last August and September with their possible U.S. partners when they said they were "this close" to a natural gas exploration and exploitation agreement for the Yolotan field -- then we didn't hear from them again (reftels). In response to a question, Chengel said, by presidential decree in December, Seana/Lotus Energy had just been awarded a \$300-350 million contract to build a new unit at the Turkmenbashi Refinery to further refine partially refined crude oil to produce by-products for use in the petro-chemical industry. Tagiyev allegedly was the chief negotiator for this deal.

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17. (C) According to Chengel, Seana/Lotus wants to partner with General Electric to bid on a new gas-fired power station for Ashgabat that the government has tendered. With the Turkmenbashi contract in its hip pocket, Seana/Lotus plans to open a large office in Ashgabat in the near future.  
HOAGLAND